

HUD/Performance Based Contract Administrator Call
July 29, 2004
2 PM – 3 PM

1. Performance Based Contract Administration Updates

- Status of ACC Renewal Contract

The Office of Housing Assistance Contract Administration Oversight (HACAO) has received the draft language to extend the PB-ACC beyond the existing term from the Office of General Counsel. The extension amendment provides for ten years beyond the original five year term. The draft language basically has the effect of deleting ACC references to the original five year term and replaces it with a fifteen year term and basically modifies the ACC so that it is as if the contract was originally entered into for fifteen years. In order to finalize this document and additional issue will need to be address relative to managing the administrative fee structure. This issue will be raised in the next conference call to provide an opportunity for feedback from the PBCAs.

- Status of Special Claims Guide

The draft of the special claims guide is being updated to respond to the Office of General Counsel's (OGC) comments during the Departmental internal review/clearance process. OGC comments will be incorporated into the document and will be put into Departmental review/clearance with OGC staff. Notwithstanding any impediments in this process, it is anticipated that the final document will be published in the Federal Register for public comment by November 2004. The public will have 10 business days to submit comments on the draft document to HUD.

- Status of Guidebook Revisions

The revisions are based on the recommendations of the IBPS Working Group, but the changes will not be ready soon. Due to staffing constraints, the revisions will take time.

- Year End Statement

The year end statement process and subsequent modifications have been drafted are under review. Payment procedures for Housing Assistance Payment Contracts (HAP) required monthly payments based on a HUD approved estimate. However, as of April 1, 2001, HAP voucher payment procedures were modified and based on actual voucher amounts. This HAP payment modification from estimated to actual payments has eliminated the need for a year end statement. PBCAs receiving estimated HAP payments prior to April 1, 2001 would be required to submit a final year end statement. For the period beginning April 1, 2001, and going forward, PBCAs will be required to account for any interest earned on HAP payments accrued during the PBCAs fiscal year.

- **FMC Conversion**

The FMC conversion is slated for June 2005. The conversion translates into two activities, converting the accounting system from HUDCAPS to PAS/LOCCS and assigning the HAP contracts from a Traditional Contract Administrator to a Performance Based Contract Administrator. The accounting conversion will take place for all contracts and the contract administration conversions will be based on numerous factors including the eligibility of each contract in terms of the existing ACC and may need to be considered on a case by case basis.

2. Funding

Due to the funding need increases over the years, departmental goals for recapture and this year's legal opinion that recapture cannot be used for amendments and or renewals, the Department's annual appropriation FY2004 is insufficient to cover the funding needs of the Section 8 program. Thereby forcing HUD to continually reallocate funds based on need rather than providing a full year of funding to assure that payments continue to flow to the properties. Actual funding estimates are very conservative to help ensure that all contracts receive a "reasonable amount" of budget authority from available appropriations. Headquarters staff in concert with HUD field staff performs a case-by-case review of contracts with unobligated commitment balances and any contracts with shortfalls to reallocate unused balances. This approach has the additional benefit of eliminating recapture, since there will not be leftover funding.

In the past HUD has been able to recapture unused funds from previous years and use them to pay for contract amendments. However, HUD counsel has determined that HUD does not have statutory authority to do this. The Department is seeking a technical correction from Congress. In the meantime, it leaves the Department with less money to fund the program than it was anticipating.

Dorli Bokel suggested NCSHA develop a letter to be sent to all property owners explaining there may be some funding gaps as a result of the overall funding situation, and provide the owners with options for them to cover the gap.

3. TRACS

HUD held a conference call on July 28, 2004 to discuss and answer questions on the TRACS industry specification document. A final call is scheduled for 8/26/04 to finalize the industry specification document.

Next call: August 25, 2 PM